STATE OF MINNESOTA
IN COURT OF APPEALS
A19-0406

Valerie R. LeMaster,
Appellant,

vs.

Green Tree Servicing, LLC,
Respondent.

Filed November 12, 2019
Affirmed
Larkin, Judge

Dakota County District Court
File No. 19HA-CV-14-2658

Valerie LeMaster, Lonsdale, Minnesota (attorney pro se)

Kevin T. Dobie, Gerald G. Workinger, Jr., Usset, Weingarden & Liebo, PLLP, Minneapolis, Minnesota (for respondent)

Considered and decided by Larkin, Presiding Judge; Reyes, Judge; and Slieter, Judge.

U N P U B L I S H E D O P I N I O N

LARKIN, Judge

Appellant challenges the district court's release of escrowed funds to respondent's successor in interest. We affirm.

FACTS

In 2007, appellant Valerie R. LeMaster purchased a home in Inver Grove Heights. The purchase was financed with a mortgage-secured loan from Countrywide Home Loans Inc. The loan was assigned to Bank of America for servicing. After LeMaster failed to make loan payments in 2010, she entered into a loan-modification agreement with Bank of America. In 2013, LeMaster was in default on the modified loan, and Bank of America sent her a notice of intent to accelerate and foreclose the mortgage.

In May 2013, Bank of America transferred servicing of the mortgage to respondent Green Tree Servicing LLC (Green Tree).[1] In January 2014, Green Tree purchased LeMaster's home at a mortgage-foreclosure sheriff's sale, subject to LeMaster's six-month right of redemption. That same month, Green Tree conveyed the sheriff's certificate of sale to Federal National Mortgage Association (Fannie Mae). LeMaster did not redeem the property and continued to reside in the home.

In July 2014, LeMaster sued Green Tree, claiming that the sheriff's sale was void because Green Tree committed false, deceptive, or misleading communications in connection with a residential loan transaction and failed to halt the foreclosure sale to evaluate her loan for modification. The district court granted summary judgment in favor of Green Tree and dismissed LeMaster's claims with prejudice. LeMaster appealed, and this court affirmed in an unpublished opinion. *LeMaster v. Green Tree Servicing, LLC*,

[1] Green Tree is now known as Ditech Financial LLC.

No. A15-0552, 2015 WL 9437640, at *1 (Minn. App. Dec. 28, 2015), *review denied* (Minn. Mar. 15, 2016). The Minnesota Supreme Court denied further review.

While the foreclosure lawsuit was pending, Green Tree and LeMaster executed a joint stipulation and proposed order, which the district court adopted. Under the stipulation, "Green Tree, and/or its successors and assigns, agree[d] not to seek an eviction action against [LeMaster] until all claims in the Lawsuit [were] finally resolved." In exchange, LeMaster agreed to "make[] a monthly payment into the Court in the amount of $1,352.53, commencing September 1, 2014, and by the first day of the month thereafter until all claims in the Lawsuit [were] finally resolved." Based on the parties' stipulation, the district court ordered that LeMaster make the monthly payments according to the stipulation, and "[u]pon resolution of the claims in the Lawsuit, the amount paid as security payments will be paid to the prevailing party of the issue of the validity of the foreclosure sale."

In October 2016, following the exhaustion of appeals in LeMaster's foreclosure lawsuit against Green Tree, Fannie Mae filed an eviction action against LeMaster, seeking possession of the premises. The district court ruled in favor of Fannie Mae and ordered a writ of recovery. LeMaster appealed, and the district court stayed the writ of recovery pending the appeal. The stay was conditioned on LeMaster's continued payment of the $1,352.53 monthly mortgage payments pursuant to the parties' stipulation.

This court affirmed the district court's issuance of the writ of recovery for Fannie Mae. *Fed. Nat'l Mortg. Ass'n v. LeMaster*, No. A16-1962, 2017 WL 2920288, at *1

(Minn. App. July 10, 2017), *review denied* (Minn. Sept. 27, 2017). The Minnesota Supreme Court denied further review.

In January 2017, LeMaster moved the district court "to vacate judgment [in the foreclosure lawsuit] under Rule 60.02." LeMaster argued that the district court's judgment in the foreclosure lawsuit was void and should be vacated because "Fannie Mae's role had switched from investor to title holder in January of 2014" and "as fee simple title holder to the property, Fannie Mae is and continues to be an indispensable party to the [foreclosure] claim." The district court denied LeMaster's motion to vacate. This court dismissed LeMaster's appeal from that order, reasoning that "orders denying motions to vacate final judgments are not appealable." The supreme court denied review.

In August 2018, the district court released $26,698.07 of the funds held in escrow to Fannie Mae pursuant to the stay of the eviction and ordered that the remaining balance remain in escrow "pending further order" in this matter.[2] In September 2018, Green Tree moved the district court to release the remaining escrow funds to Green Tree or Fannie Mae. Green Tree argued that it was the prevailing party in LeMaster's foreclosure lawsuit. LeMaster opposed the motion, arguing that "[t]here was no contract formation because Green Tree offered an illusory consideration," "Fannie Mae refused to ratify the terms of the agreement . . . and thus has no right to the funds," "Green Tree's false representations induced [her] to continue to make deposits into the court trust for 28-months," and "[the district court] does not have jurisdiction over Fannie Mae."

[2] LeMaster does not challenge the release of those funds to Fannie Mae and agrees that the district court "appropriately ordered release" of those funds.

The district court rejected LeMaster's arguments and released the remaining $37,870.84 in escrowed funds to Fannie Mae, reasoning that "[t]he agreement is valid and enforceable, and the Court has authority to release the funds to [Green Tree] and its successor-in-interest."

LeMaster appeals.

D E C I S I O N

LeMaster contends that the district court erred by ordering the release of the remaining $37,870.84 in escrowed funds to Fannie Mae based on her stipulation with Green Tree. She asks this court to "order the funds [be] released to [her]" based on arguments regarding contract formation, substitution of parties, and personal jurisdiction. We address each argument in turn.

I.

LeMaster argues that because "Green Tree did not provide valuable consideration" for the parties' stipulation, there was no contract formation, and the stipulation is void and unenforceable. Stipulations are treated as binding contracts. *Halla Nursery, Inc. v. City of Chanhassen*, 781 N.W.2d 880, 884 (Minn. 2010). Interpretation of a contract is a question of law, and this court therefore reviews a district court's interpretation of a stipulation de novo. *Id.*

Parties may enter into stipulations to control aspects of a case. 23 Ronald I. Meshbesher & James B. Sheehy, *Minnesota Practice* § 2:27 (2018-19 ed. 2018). Stipulations "serve the convenience of the parties to litigation and often serve to simplify and expedite the proceeding. In some cases they are supported by the policy of favoring

compromise in order to reduce the volume of litigation." Restatement (Second) of Contracts § 94 cmt. a (1981). Stipulations are mainly of two types: they may be an admission of facts to relieve a party from making proof, or parties may concede some rights in consideration for others. Meshbesher & Sheehy, *supra*, § 2:27. "[C]onsideration is not essential to the validity of a stipulation in judicial proceedings." *Connors v. United Metal Prods. Co.*, 296 N.W. 21, 22 (Minn. 1941).

LeMaster's argument that the parties' stipulation was void is based on the mistaken premise that consideration was required to support the stipulation. No consideration was necessary for the parties' stipulation in the underlying judicial proceeding. *See id.* LeMaster does not dispute that Green Tree complied with the terms of the parties' stipulation. Under those terms, Green Tree was entitled to the remaining escrowed funds.

II.

LeMaster argues that the district court erred by substituting Fannie Mae for Green Tree as a party in the underlying action. Under Minn. R. Civ. P. 25.03, "[i]n case of any transfer of interest, the action may be continued by or against the original party, unless the court upon motion directs the person to whom the interest is transferred to be substituted in the action or joined with the original party." The rule "applies only to the transfer of an interest while an action is pending." *Johns v. Harborage I, Ltd.*, 645 N.W.2d 761, 765 (Minn. App. 2002), *rev'd on other grounds*, 664 N.W.2d 291 (Minn. 2003). Service of a rule 25.03 motion "shall be made as provided in Rule 25.01." Minn. R. Civ. P. 25.03; *see* Minn. R. Civ. P. 25.01(a) (describing procedure for substitution in the event of a party's death).

LeMaster asserts that the district court substituted Fannie Mae as a party for Green Tree and failed to comply with rule 25 in doing so. LeMaster's assertion is based on the mistaken premise that the district court granted relief to Fannie Mae as a party. It did not do so. The district court's order releasing the remaining escrow funds explains that "[Green Tree] was permitted to continue as a party in this matter, despite the fact that Fannie Mae was its successor-in-interest." Although the district court released the remaining funds to Fannie Mae, it did so only because Green Tree requested release to "[Green Tree] or Fannie Mae because [Green Tree] is the prevailing party in this matter, per the parties' agreement." The district court concluded that because the stipulation was "valid and enforceable," it had authority "to release the funds to [Green Tree] and its successor-in-interest." In sum, the district court released the funds to Fannie Mae because Green Tree requested that relief as the party entitled to the funds, and not because the district court substituted Fannie Mae as a party.

Because the district court did not substitute Fannie Mae as a party, we do not further discuss LeMaster's challenges to the alleged substitution.

III.

LeMaster last argues that "[w]ithout a motion to intervene or motion to substitute, the court did not have personal jurisdiction over Fannie Mae." Personal jurisdiction "refers to the court's authority to bind the parties to the action." *Hanson v. Woolston*, 701 N.W.2d 257, 265 (Minn. App. 2005), *review denied* (Minn. Oct. 18, 2005). Personal jurisdiction is "a court's power to decide the rights and interests of the parties in a lawsuit." *H.A.W. v. Manuel*, 524 N.W.2d 10, 12 (Minn. App. 1994), *review denied* (Minn. Jan. 13, 1995).

LeMaster argues that "the district court ha[d] no jurisdiction over Fannie Mae and it was improper for the court to order the clerk to release the funds to Fannie Mae."

Once again, Fannie Mae is not a party to this action, and the district court therefore did not decide the rights of Fannie Mae. The challenged order granted Green Tree's request for disbursement based on Green Tree's rights under its stipulation with LeMaster. The fact that Green Tree asked the district court to disburse the funds to which it was entitled to Fannie Mae did not make Fannie Mae a party or adjudicate any right of Fannie Mae. Thus, LeMaster's arguments regarding whether the district court had personal jurisdiction over Fannie Mae are immaterial.[3]

In conclusion, the district court did not err by determining that under the joint stipulation and order, Green Tree was entitled to the remaining escrowed funds as the prevailing party in LeMaster's foreclosure lawsuit. Nor did the district court err by releasing those funds to Fannie Mae based on Green Tree's request that it do so. Indeed, as Green Tree's counsel noted at the district court hearing on the motion, nothing would have stopped Green Tree from turning the funds over to Fannie Mae if the district court had released the funds to Green Tree.

Because the parties' remaining arguments do not affect the outcome of this appeal, we do not address them. *See* Minn. R. Civ. P. 61 ("The court at every stage of the

[3] Indeed, it is difficult to understand the legal theory under which LeMaster, as the plaintiff in the underlying lawsuit, can assert a defense of lack of personal jurisdiction on behalf of a purported defendant. *See World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 291-92, 100 S. Ct. 559, 564 (1980) (explaining that protecting the defendant is a primary purpose of the personal-jurisdiction requirement).

proceeding must disregard any error or defect in the proceeding which does not affect the substantial rights of the parties.").

Affirmed.